



Budget Briefs

SENATE REPUBLICAN FISCAL OFFICE

Summary of Subcommittee Actions to Date

May 8, 2002

Overview

Mike Genest, Fiscal Staff Director

Since the Governor's Budget was published with its shortfall of \$12.5 billion, there have been several developments that suggest the amount of the shortfall will be substantially higher. Specifically, (1) in February, the LAO projected the shortfall would rise by \$5 billion due to reduced revenue projections and increased expenditures, primarily for Prop 98.; (2) in April, the LAO indicated that revenues would likely be \$4.5 billion lower still; and (3) the administration has acknowledged a variety of adjustments and deficiencies which would result in a net increase in the shortfall of about \$0.9 billion. Thus, it now appears that the shortfall has increased by about \$10.3 billion. The May Revision is scheduled for release on May 14.

The Senate Budget and Fiscal Review Subcommittees continue to meet on the budget, with little net change in the bottom line numbers to date.

Subcommittee 1 (Education)

Roger Mackensen, Consultant; Therese Tran, Consultant

| Fund | Governor's Budget | Senate Changes | Budget to Date |
|----------------------|--------------------------|-----------------------|-----------------------|
| General Fund | \$38,397,069,000 | --- | \$38,397,069,000 |
| Special Funds | 807,924,658 | --- | 807,924,658 |
| Bond Funds | 1,224,438,929 | --- | 1,224,438,929 |
| Federal Funds | 11,275,614,000 | \$-174,726,000 | 11,100,888,000 |
| Total | \$51,705,046,587 | \$-174,726,000 | \$51,530,320,587 |

The Subcommittee has either approved as budgeted or "checklisted" most of the issues it has heard. The action to reduce federal funds by \$174.7 million reflects a partial action related to federal changes; we expect the Subcommittee will ultimately budget more federal funding than proposed in the Governor's Budget.

Subcommittee 2 (Resources, Transportation, Judiciary/Justice)

Alex Alanis, Consultant; Sharon Bishop, Consultant; Dave Harper, Consultant

| Fund | Governor's Budget | Senate Changes | Budget to Date |
|----------------------|--------------------------|-----------------------|-----------------------|
| General Fund | \$3,062,814,000 | \$-16,565,000 | \$3,046,249,000 |
| Special Funds | 10,248,425,215 | 8,332,000 | 10,256,757,215 |
| Bond Funds | 938,557,000 | --- | 938,557,000 |
| Federal Funds | 4,795,127,000 | --- | 4,795,127,000 |
| Total | \$19,044,923,215 | \$-8,233,000 | \$19,036,690,215 |

In the judiciary areas of the budget, the Subcommittee has deviated very little from the Governor's Budget proposals. On a party line vote, the Subcommittee adopted the Governor's tax increase proposal to generate approximately \$60 million in filing fees and criminal penalty assessment revenues.

With respect to the natural resources, environment, and transportation issues in Sub. 2, the Subcommittee has for the most part approved the Governor's Budget as proposed. However, the proposal to eliminate the \$55 million fire emergency fund in the Forestry Department's budget was rejected by the Subcommittee.

Subcommittee 3 (Health, Human Services, Veterans Affairs, & Labor)

Sharon Bishop, Consultant; Therese Tran, Consultant

| Fund | Governor's Budget | Senate Changes | Budget to Date |
|----------------------|--------------------------|-----------------------|-----------------------|
| General Fund | \$22,626,367,399 | \$16,903,807 | \$22,643,271,206 |
| Special Funds | 1,465,766,000 | -360,000 | 1,465,406,000 |
| Bond Funds | 1,901,000 | --- | 1,901,000 |
| Federal Funds | 30,323,613,000 | 25,547,275 | 30,349,160,275 |
| Total | \$54,417,647,399 | \$42,091,082 | \$54,459,738,481 |

The Subcommittee has "checklisted" most of the costly issues and has approved a few of the Governor's proposed reductions. In addition, the Subcommittee rejected the Governor's \$30 million reduction for Medi-Cal co-payment and there were other various reductions related to Health services, resulting in a net \$17 million General Fund increase.

Subcommittee 4 (General Government, Public Safety)

Tom Sheehy, Consultant; Dave Harper, Consultant

| Fund | Governor's Budget | Senate Changes | Budget to Date |
|----------------------|--------------------------|-----------------------|-----------------------|
| General Fund | \$14,604,568,911 | \$7,831,000 | \$14,612,399,911 |
| Special Funds | 6,897,142,327 | --- | 6,897,142,327 |
| Bond Funds | 50,158,501 | --- | 50,158,501 |
| Federal Funds | 1,436,740,239 | --- | 1,436,740,239 |
| Total | \$22,988,609,978 | \$7,831,000 | \$22,996,440,978 |

The Subcommittee has picked up some momentum after starting very slowly. Additional reductions and transfers are being made on a case-by-case basis. Many items are being put over until the May Revision. Except for the Subcommittee eliminating funding for the Turning Point Academy, no major unexpected actions have been taken so far.

For further information on this brief, please contact the Senate Republican Fiscal Office at (916) 323-9221.